

MORIHARA LAU & FONG LLP

A LIMITED LIABILITY LAW PARTNERSHIP

February 19, 2010

HAND DELIVER

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, Hawaii 96813
Attention: Ji Sook Kim, Esq.

Re: Docket No. 2009-0161 – In the Matter of the Application of Hawaiian Beaches
Water Company, Inc. ("HBWC")

Dear Commissioners and Staff:

Pursuant to Ordering Paragraphs 3 and 4 of the Decision and Order filed on February 9, 2010, in Docket No. 2009-0161, HBWC hereby submits the following documentation:

1. HBWC's revised tariff sheets and rate schedules with an "Issued" date of February 19, 2010 and an "Effective" date of March 1, 2010; and
2. HBWC Notice to Customers dated February 16, 2010 which was mailed to all customers.

After considering the various logistics involved in the implementation and assessment of the new rates and charges (including the usage sensitive water rate), HBWC elected to have the new rates go into effect on March 1, 2010. Customers will begin seeing the new charges reflected on their April bills (for March 2010 usage). Although the letters are dated February 16, 2010, HBWC confirmed that the United States Postal Service began processing of the bulk mailouts on February 19, 2010. HBWC anticipates that the vast majority of the customers residing within the service area will be receiving the notices tomorrow.

Thank you for your consideration of these matters. If you should have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Michael H. Lau

Enclosures

cc: Consumer Advocate
Ms. Katherine M. Prescott

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PUBLIC UTILITIES
COMMISSION



Hawaiian Beaches Water Company
P.O. Box 22, Paho, Hawaii 96778
Phone: (808) 965-9882 Fax: (808) 965-8388

February 16, 2010

WATER RATE INCREASE EFFECTIVE MARCH 1ST 2010

On February 10, 2010, the Hawaii Public Utilities Commission issued a final Decision and Order approving, among other things, changes in the water rates for Hawaiian Beaches Water Company¹, pursuant to HBWC's Application filed on July 17, 2009. The Decision follows many months of extensive review undertaken by both the Commission and the Consumer Advocate. As part of its approval of new water rates, the Commission approved a new rate design. The new rates charged by the company will now be based on actual customer usage rather than a flat rate as previously charged. The new volumetric rate will be made up of two different components, which include a reduction in the base monthly charge to \$30.00 from the current base monthly charge of \$48.06, plus a volumetric or monthly water consumption (usage) charge that will be implemented through a two stage phase-in period.

Specifically, the Commission approved the following new water rates for residential customers:

Monthly Charges

<u>Residential</u> <u>(Single Family and Condominiums)</u>	<u>Phase-1 Rates</u> <u>(effective as of</u> <u>March 1, 2010)</u>	<u>Phase-2 Rates</u> <u>(effective as of</u> <u>September 1, 2010)</u>
Fixed Monthly Water Service Charge (per unit)	\$ 30.00	\$ 30.00
Monthly Water Usage Charge (per 1,000 gallons of water used per month)	\$ 3.00	\$ 4.2237

Although a rate increase overall for HBWC means an increase in revenue, not all customers will be paying more for their monthly water bill. As of March 1st, 50% of customers will see a decrease in their monthly water bill. In September when the second phase-in goes into effect, approximately 25% of customers will continue to see a small decrease in their bill from current

¹ A copy of the Commission's Decision and Order approving the changes in water rates and the applicable tariff sheets reflecting these approved rates are available for public viewing on Monday to Friday except for holidays at the Hawaiian Beaches Water Company offices at 15-966 Punawai Street, Paho, HI 96778 between the hours of 8:00 a.m. and 4:00 p.m.; Phone (808) 965-9882.

charges. The table below illustrates what your monthly water bills will be under the new phased-in rates for customers using between 1,000 to 8,000 gallons of water per month.

Monthly Water Usage (gallons)	Existing Flat Rate	Phase 1 (Effective March 1, 2010)	Phase 2 (Effective September 1, 2010)
1,000	\$48.06	\$33.00	\$34.22
2,000	\$48.06	\$36.00	\$38.45
3,000	\$48.06	\$39.00	\$42.67
4,000	\$48.06	\$42.00	\$46.89
5,000	\$48.06	\$45.00	\$51.12
6,000	\$48.06	\$48.00	\$55.34
7,000	\$48.06	\$51.00	\$59.57
8,000	\$48.06	\$54.00	\$63.79

*The above table does not take into account electric adjustments

In addition, as part of the approved rates, HBWC's Automatic Power Cost Adjustment Clause has been adjusted to reflect the change to a usage sensitive rate. This base electrical cost will increase or decrease the rates charged for water based on any corresponding increase or decrease in the cost of electricity charged to HBWC in relation to this base cost of electricity.

While we recognize that no one welcomes rate increases, we trust that you understand the need to raise our rates and charges at this time to maintain sustainable levels of service and to honor our commitment to provide you with safe and reliable potable water services.

HBWC strongly urges all customers to be aware of their water usage and check their property for leaks. If you need any assistance with detecting property leaks, please feel free to contact HBWC for assistance. As of March 1, 2010, your future water bills will be calculated based on how much water you use, and your April bill will reflect the new usage based charges.

Thank you for allowing us to serve you and we look forward to working with all of you. If you have any questions or need additional information, please feel free to contact me at (808) 965-9882.

Sincerely,

Kate Prescott
President
Hawaiian Beaches Water Company, Inc.

REVISED TARIFF SHEETS

(Clean version)

HAWAIIAN BEACHES WATER COMPANY, INC.
PAHOA, HAWAII

HBWC Tariff No. 1
First Revised Sheet 1
Cancels Original Sheet 1

CHECK LIST SHEET

Sheet

Revision

1	First
2	First
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
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Issued: February 19, 2010

Effective: March 1, 2010

By: Katherine M. Prescott,
President

Proposed Decision and Order
filed January 14, 2010 and
Decision and Order filed
February 9, 2010,
Docket No. 2009-0161.

HAWAIIAN BEACHES WATER COMPANY, INC.
PAHOA, HAWAII

HBWC Tariff No. 1
First Revised Sheet 2
Cancels Original Sheet 2

CHECK LIST SHEET

Sheet

Revision

33	Original
34	Original
35	Original
36	Original
37	Original
38	Original
39	Original
40	Original
41	First
42	First
42A	Original
43	Original
44	Original

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RULE XXVIII

AUTOMATIC POWER COST ADJUSTMENT CLAUSE

Monthly Calculation of APCAC - The Company will calculate the actual cost per kWh for each billing month in accordance with the following calculation. The calculation of the current month Automatic Power Cost Adjustment Clause ("APCAC") rate will be based on the total charge and kWh usage on the current month electric bill(s) from Hawaii Electric Company, Inc. ("HELCO"), the current month customer water usage, and the base per kWh rate of \$0.2900 included in the Commission's Proposed Decision and Order filed on January 14, 2010 ("D&O").

The procedure for the monthly calculation shall follow the following steps. The rate calculated for each current month shall be added to the prior month's APCAC rate and the total shall be used for each current month's billing to the customers.

SAMPLE CALCULATION

1. Electricity Cost on HELCO invoice(s) for the Current Month	\$10,000
2. kWh used as shown on HELCO invoice(s) for the Current Month	<u>31,000</u>
3. Electric Cost Per kWh (Line 1 / Line 2)	\$0.3226
4. Base Electric Cost in D&O	<u>\$0.2900</u>
5. Increase (Decrease) in Cost per kWh (Line 3 - Line 4)	<u>\$0.0326</u>
6. Electric Cost to be Recovered in APCAC (Line 2 * Line 5)	\$ 1,011
7. Current Month Water Sales in 000 gallons	<u>9,500</u>
8. Electric Cost Per 000 gallons (Line 6 / Line 7)	\$0.1064
9. Gross Revenue conversion Factor (1/(1-.06385))	<u>1.068205</u>
10. APCAC Rate per 000 gallons for Current Month (Line 8 * Line 9)	\$0.11366
11. APCAC Rate per 000 gallons Through End of Prior Month	<u>\$0.22732</u>
12. APCAC Rate for Current Month Water Usage Per 000 gallons (Line 10 + Line 11)	\$0.34098

The monthly APCAC rate on line 12 will be multiplied by the Current Month water usage on each customer's water bill together with the Current Month customer charge and the monthly charge for water usage.

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HAWAIIAN BEACHES WATER COMPANY, INC.

RATE SCHEDULE

GENERAL USE RATES

I. Non-Recurring Charges:

- I-A New Water Service Connection Charge.....\$1,500 per connection
This charge shall be collected from each new customer requesting service at a location where no meter is installed, prior to receiving service. This charge shall be made only once per location where water service is requested. These amounts shall be recorded as Contributions-in-aid-of-Construction
- I-B Voluntary Disconnect and Reconnection Charge.....\$260.00 per request
This charge shall be applied in each instance where an existing customer requests a temporary suspension of water service for a period of longer than one-month. The purpose of this charge is to compensate the Company for revenue lost by temporary disconnections normally lasting several months while the customer is not at the premises. The charge also includes a charge for the cost of the actual meter shut-off and subsequent turn-on.
- I-C Involuntary Disconnect and Reconnection Charge.....\$60.00 per instance
This charge shall be applied in each instance where a customer's service has been disconnected for non-payment or other violation of the Company's Rules and Regulations. The purpose of this charge is to recover the cost of the actual meter shut-off and subsequent turn-on.
- I-D Return Check Fee.....\$30.00 plus bank charge to Company
This charge shall be made for each check provided to the Company by a customer or potential customer in payment of services that is returned to the Company by the bank. This charge is designed to reimburse the Company for its internal costs of processing these returned checks and also for the charge to the Company from the bank for the processing of the returned check. As of October 31, 2006, this returned check bank charge to the Company is \$20.00.

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II. Recurring Charges:

Residential (Single Family and Condominiums)	Phase-1 Rates Effective March 1, 2010	Phase-2 Rates Effective September 1, 2010
Monthly Water Service Charge (per unit)	\$30.00	\$30.00
Monthly Water Usage Charge (per 1,000 gallons of water used per month)	\$3.000 [a]	\$4.2237 [a]

[a] This charge shall be effective upon Commission approval and shall be based on an Automatic Power Cost Adjustment Clause ("APCAC") base rate of \$0.2900 per kilowatt hour ("kWh").

III. Automatic Power Cost Adjustment Clause

The above Water Usage rate is based on an electric power cost per kWh of \$0.2900. When the electric power cost is more or less than \$0.2900 per kWh, there shall be a corresponding increase or decrease in monthly water usage charges to customers. The adjustment shall be calculated and included on customers' monthly bills.

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